

News U Can Use

April 01, 2016

The Week that was...
28th March to 01st April

Indian Economy

- ❑ Government data showed that growth in eight core sectors increased to a 13-month-high level of 5.7% in Feb 2016, almost double the 2.9% rise in the previous month. The improvement can be attributed to a sharp rise in electricity generation, cement, fertilizer and refinery products output that grew 9.2%, 13.5%, 16.3%, and 8.1%, respectively in Feb.
- ❑ Government's fiscal deficit during Apr to Feb of FY16 stood at Rs. 5.73 lakh crore, or 107.1% of the full-year budgeted target. The deficit is better than last year's 117.5% of the full-year budgeted figure. Net tax receipts stood at Rs. 7.36 lakh crore and total spending was Rs. 15.56 lakh crore.
- ❑ Results of a private survey showed that Indian business sentiment fell for the first time in three months in Mar 2016. The MNI India Business Sentiment Indicator, which gauges the current sentiment among BSE-listed companies, fell to 62.7 in Mar from 63.5 in Feb 2016. The decline in sentiment was primarily among manufacturing firms. However, sentiment rose considerably among construction firms and service sector companies were more optimistic about overall business conditions.
- ❑ Government has approved capital infusion of up to Rs. 2,375 crore in three public sector banks (PSBs) -- Bank of India (Rs. 1,150 crore), Central Bank of India (Rs. 535 crore), and Allahabad Bank (Rs. 690 crore). The infusion will be by way of preferential allotment of equity shares. This is part of the government's plans to infuse Rs. 5,050 crore in PSBs.

Indian Equity Market

Domestic Equity Market Indices			
Indices	01-Apr-16	1 Week Return	YTD Return
S&P BSE Sensex	25269.64	-0.27%	-3.41%
Nifty 50	7713.05	-0.04%	-3.14%
S&P BSE Mid-Cap	10642.32	1.12%	-5.36%
S&P BSE Small-Cap	10639.84	1.31%	-10.89%

Source: MFI Explorer

Ratios	S&P BSE Sensex	CNX Nifty	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	19.19	21.19	26.1	41.95
P/B	2.79	3.26	2.37	1.85
Dividend Yield	1.45	1.45	1.52	1.19

Source: BSE, NSE

Value as on Apr 01, 2016

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
28-Mar-16	347	1254	0.28
29-Mar-16	623	942	0.66
30-Mar-16	1235	337	3.66
31-Mar-16	784	769	1.02
01-Apr-16	1086	468	2.32

Source: NSE

- ❑ Indian equity market fell over the week as investors remained concerned over global economic health after a major rating agency downgraded China's outlook from stable to negative. Expiry of Mar 2016 series of futures and options also weighed on sentiments.
- ❑ However, downside was limited after the U.S. Federal Reserve chief indicated to maintain cautious stance regarding interest rate hike.
- ❑ Growing optimism over rate cut by the Reserve Bank of India in its forthcoming monetary policy review on Apr 5 restricted the fall.

Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last Closing	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	17883.7	0.30%	8.28%
S&P BSE Bankex	18445	1.85%	12.64%
S&P BSE CD	11560.6	0.16%	0.20%
S&P BSE CG	13020.8	0.65%	11.93%
S&P BSE FMCG	7770.02	2.05%	4.11%
S&P BSE HC	15110.5	-2.19%	-2.04%
S&P BSE IT	11272.9	-0.22%	6.24%
S&P BSE Metal	7489.03	-2.02%	8.11%
S&P BSE Oil & Gas	9047.79	-0.14%	7.68%

Source: Reuters *Values as on Apr 01, 2016*

- On the BSE sectoral front, S&P BSE Realty (2.74%) topped the chart followed by S&P BSE Power (2.65%) and S&P BSE FMCG (2.05%). S&P BSE Healthcare stood as the major laggard (-2.19%), followed by S&P BSE Metal (-2.02%).
- Healthcare stock witnessed selling pressure after an industry major plummeted following media reports stating that one of the company's units was inspected by the U.S. Food and Drug Administration.

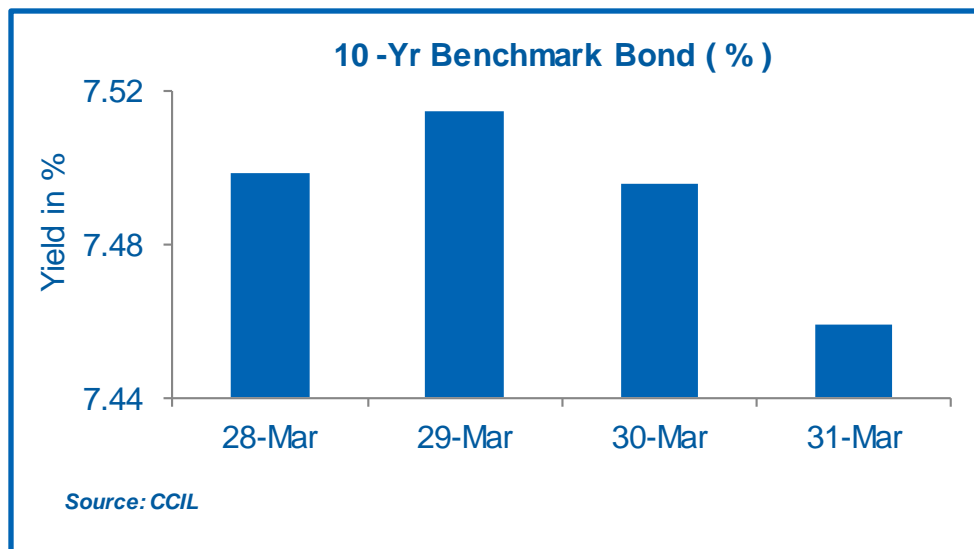
Indian Derivatives Market Review

- Nifty Apr 2016 Futures were at 7,748.75 points, a premium of 35.70 points, over the spot closing of 7,713.05 points. The turnover on NSE's Futures and Options segment stood at Rs. 21.54 lakh crore during the week to Apr 1, compared with Rs. 9.35 lakh crore recorded in the previous week.
- The Put-Call ratio stood at 1.03, compared with the previous week's close of 1.05.
- The Nifty Put-Call ratio stood at 0.84, compared with the previous week's close of 1.04.

Domestic Debt Market

Debt Indicators (Yield %)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	9.36	6.94	6.70	6.70
91 Day T-Bill	7.08	7.21	7.25	7.02
08.27% 2020, (5 Yr GOI)	7.44	7.56	7.61	7.65
07.59% 2026, (10 Yr GOI)	7.46	7.51	7.60	--

Source: Reuters Values as on Mar 31, 2016



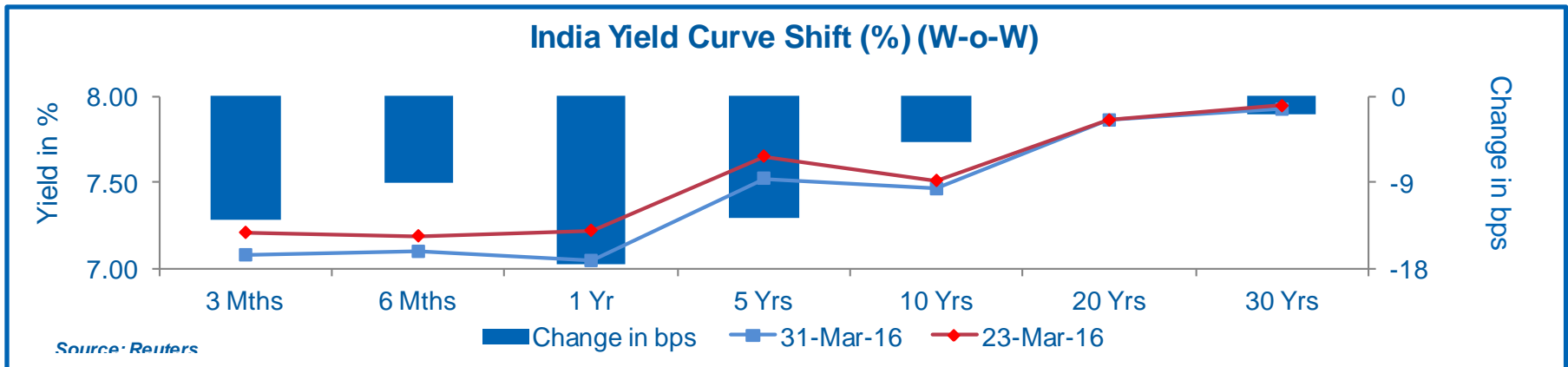
- Bond yields fell after the Reserve Bank of India (RBI) announced to increase foreign portfolio investors (FPI) limit in the government debt from next financial year. Persisting hopes that RBI will lower interest rates in its upcoming monetary policy on Apr 5 further supported market sentiments.
- Yield on 10-year benchmark bond (7.59% GS 2026) dropped 5 bps to close at 7.46%, from the previous close of 7.51%.
- As per Scheduled Bank's Statement of Position in India for Mar 18, 2016, bank deposits grew 9.91% YoY, while bank credit witnessed a growth of 11.34%.

Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	7.17	7.97	81
3 Year	7.49	8.00	51
5 Year	7.70	8.16	46
10 Year	7.70	8.26	57

Source: Reuters Values as on Mar 31, 2016

- Yield on gilt securities fell across maturities in the range of 2 bps to 18 bps barring 19-year paper that was flat.
- Corporate bond yields fell across the maturities in the range of 2 bps to 7 bps barring 6-year paper that increased by 1 bps and 2-year paper that was steady.
- Difference in spread between AAA Corporate Bond and Gilt expanded across maturities in the range of 2 bps to 16 bps barring 9-year paper that remained unchanged.



Regulatory Updates in India

- ❑ The Reserve Bank of India has increased the investment limit for foreign portfolio investors (FPI) in the central and state government bonds by Rs. 27,500 crore. The threshold for central government bonds has been increased by Rs. 20,500 crore and for state government by Rs. 7,000 crore in two tranches. First tranche of investment limit will be increased by Rs. 10,500 crore and Rs. 3,500 crore from Apr 4, 2016, and second by Rs. 10,000 crore and Rs. 3,500 crore from Jul 5, 2016.
- ❑ The Government has approved 100% foreign direct investment (FDI) in the market place format of e-commerce retailing, as per the guidelines issued by the Department of Industrial Policy and Promotion (DIPP). However, FDI is not allowed in inventory-based model of e-commerce. DIPP has also brought clarity to the definition of e-commerce, inventory-based model, and market place model.
- ❑ Government has created a welfare fund to utilise unclaimed money lying in PPF, employees' provident fund and small savings schemes. The fund will help to provide healthcare facilities and pension to senior citizens.
- ❑ Employees' Provident Fund Organisation (EPFO) has decided to pay interest on inoperative accounts from Apr 1, 2016. EPFO had stopped payment of interest to such accounts from Apr 1, 2011. However, a decision on paying interest between Apr 2011 and Mar 2016 has not yet been taken.

Regulatory Updates in India (contd..)

- ❑ Commercial banks and financial institutions providing loans for a tenor of up to three years will have to use marginal cost of fund based lending rate (MCLR) from Apr 1, 2016, rather than existing system of average cost of funds, RBI said. However, loans above three years will continue to be exempted from MCLR.
- ❑ New Indian Accounting Standards will be applicable from Apr 1 for companies having net worth of Rs. 500 crore or more. It includes all companies, listed or unlisted, and their holding, subsidiary, joint ventures, and associate companies. The move will make Indian corporate accounts comparable internationally and transparent and also fill the gaps in reporting standards that India follows currently.

Global News/Economy

- ❑ Data from the U.S. Labour Department showed that non-farm payroll employment increased by 215,000 jobs in Mar 2016 after rising by an upwardly revised 245,000 in Feb 2016. However, the unemployment rate inched up to 5.0% in Mar from 4.9% in Feb.
- ❑ Data from payroll processor ADP showed that private sector employment increased by 200,000 jobs in Mar 2016 after jumping by a downwardly revised 205,000 jobs in Feb 2016.
- ❑ The U.S. Gross Domestic Product (GDP) grew at a revised rate of 1.4% during the fourth quarter of 2015, after increasing by 2.0% in the previous quarter. The revision was as per market expectations. The improvement was mainly due to higher consumer spending.
- ❑ As per Eurostat's data, the eurozone's consumer prices fell 0.1% YoY in Mar 2016 registering the second straight month of decline.
- ❑ As per the Office for National Statistics, the U.K. registered 12th consecutive quarter of positive growth since early 2013. Gross domestic product of the region climbed 0.6% sequentially in the fourth quarter and was better than expected.
- ❑ A major rating agency lowered China's credit rating outlook to 'negative' from 'stable' and affirmed China's 'AA-' long-term and 'A-1+' short-term sovereign credit ratings. The agency said that though the country's reform agenda remains on track, economic rebalancing could proceed more slowly than expected.

Global Equity Markets

Global Indices			
Indices	01-Apr-16	1-Week Return	YTD Return
Dow Jones	17792.75	1.58%	3.75%
Nasdaq 100	4532.082	2.87%	0.76%
FTSE 100	6146.05	0.65%	0.86%
DAX Index	9794.64	-0.58%	-4.75%
Nikkei Average	16164.16	-4.93%	-12.39%
Straits Times	2818.49	-1.01%	-0.62%

Source: Reuters

Europe

- European markets remained under pressure due to weakness in commodity prices and following sharp decline in Japanese markets. Losses were limited after the U.S. Fed's chief indicated to move cautiously on further rate hikes in light of a weak global economy and low inflation level.

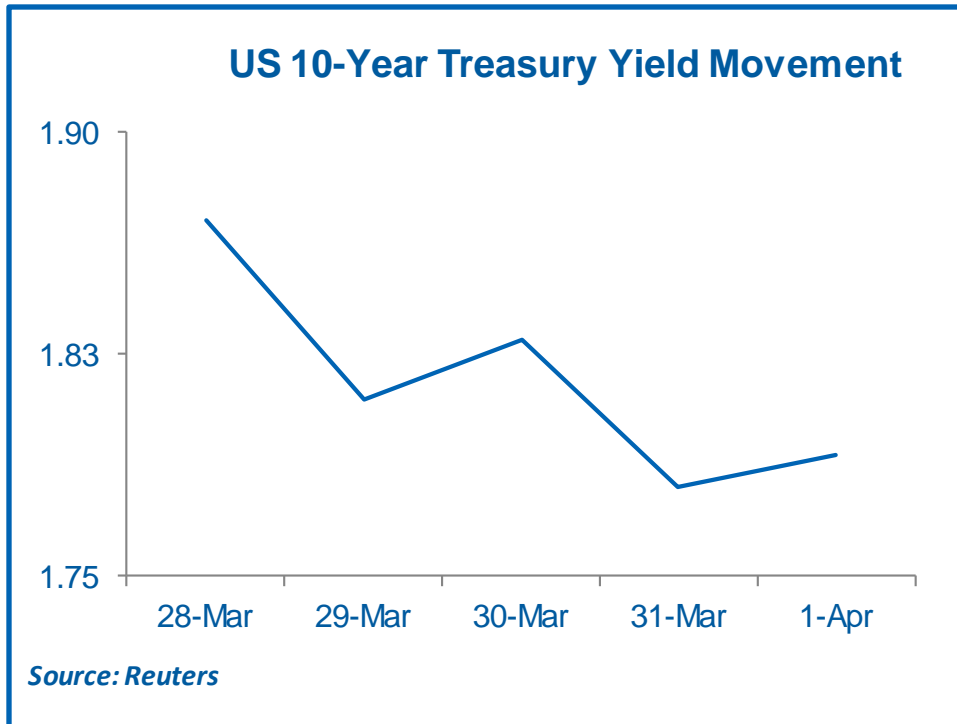
Asia

- Asian markets closed on a mixed note over the week with Japan's Nikkei index falling 4.93%. Shanghai Se Composite index and Hang Seng index closed marginal higher as the Fed chief's cautious approach toward rate hike rekindled investors' risk appetite. Bank of Japan's Tankan survey revealed a deterioration in the business sentiment among large manufacturers in Mar.

U.S.

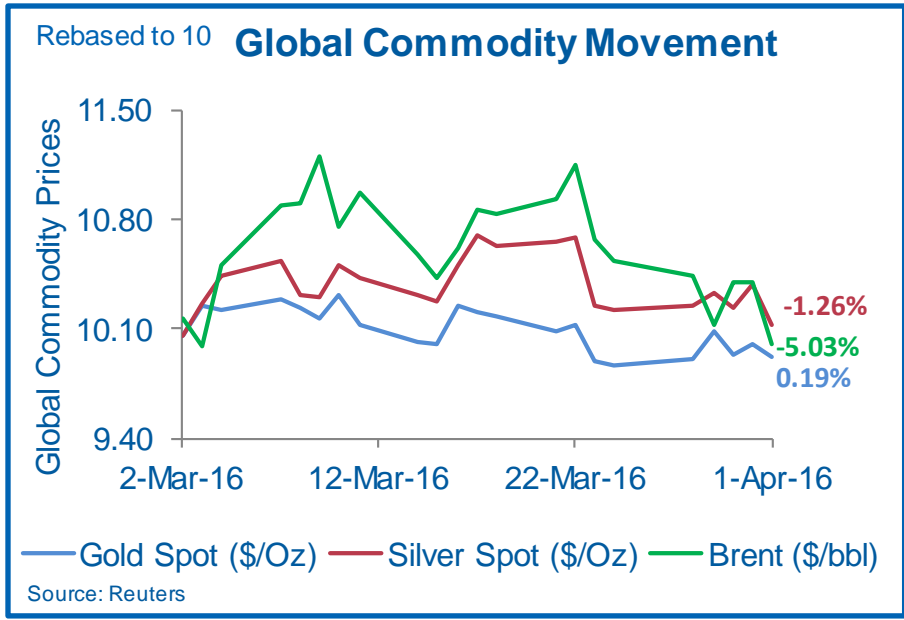
- Initially, U.S. markets remained under pressure over concern of interest rate increases following comments from a Federal Reserve (Fed) official. A decrease in the price of crude oil weighed on the market. Market reacted positively post comments from the Fed chief. Market also got support on slightly better than expected jobs data and upbeat manufacturing sector data for Mar.

Global Debt (U.S.)



- The 10-year U.S. Treasury bond yield fell 10 bps to close at 1.79%, compared with the previous week's close of 1.89%.
- The U.S. Treasury yield hit four-week lows during the week primarily on Federal Reserve chief's statement that hinted towards gradual rise in interest rates due to global risks.
- Treasury yield fell further after initial jobless claims increased more than expected for the week ended Mar 26.

Commodities Market



Performance of various commodities		
Commodities	Last Closing	1-Week Ago
Brent Crude(\$/Barrel)	35.88	37.78
Gold (\$/Oz)	1222.11	1219.8
Gold (Rs/10 gm)	29080	29080
Silver (\$/Oz)	15.028	15.22
Silver (Rs/Kg)	36651	36651

Source: Reuters Values as on Apr 01, 2016

Gold

- Gold prices went up when U.S. Federal Reserve took a cautious stance on rate hikes but soon reversed as investors cashed in on gains. Later during the week, prices increased again due to volatility in global equity markets, which was neutralised by upbeat U.S. jobs data for Feb.

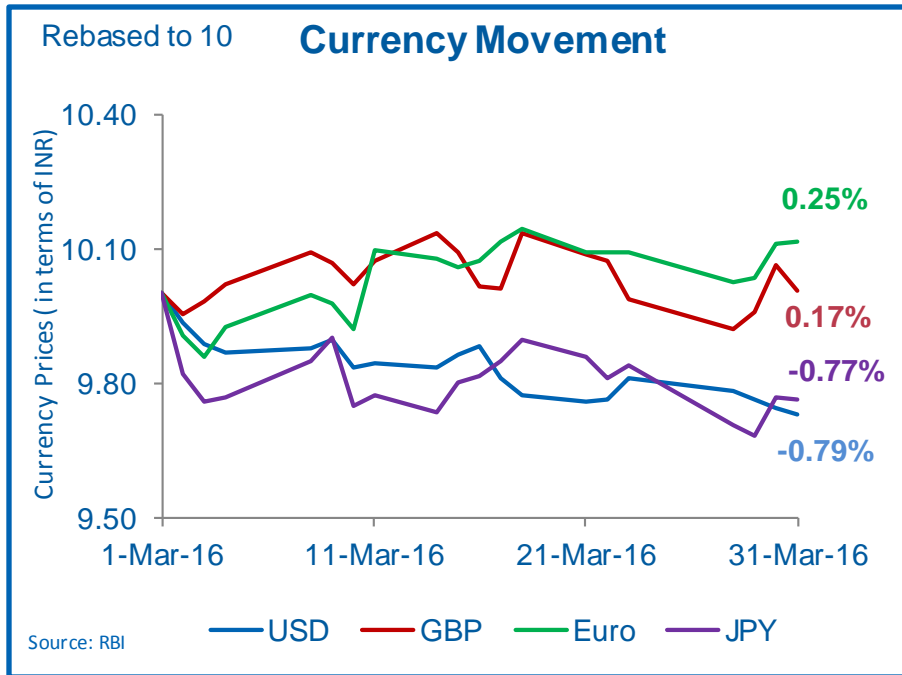
Crude

- Brent crude prices remained steady as rise in prices on weakening U.S. dollar was soon neutralised by easing prices on concerns over excess supply. However, crude prices plunged on the last day on worries that an agreement to restrict supplies from major producers will fall apart.

Baltic Dry Index

- The Baltic Dry Index increased during the week on the back of strong capesize and panamax activities.

Currencies Markets



Movement of Rupee vs Other Currencies		
Currency	Last Closing	1-Wk Ago
US Dollar	66.33	66.86
Pound Sterling	95.09	94.93
EURO	75.10	74.91
JPY(per 100 Yen)	59.06	59.52

Source: RBI Figures in INR , Values as on Mar 31, 2016

Rupee

- The Indian rupee strengthened against the U.S. dollar due to selling of the greenback by banks and exporters.

Euro

- Euro strengthened against the greenback after the U.S. Federal Reserve chief expressed concerns over low inflation and sluggish global growth and maintained a cautious tone for raising interest rates.

Pound

- Pound strengthened against the U.S. dollar after U.S. personal consumption expenditure fell in Feb 2016 and U.S. personal spending was downwardly revised in Jan 2016. However, concerns that Britain may exit from the European Union capped the gains.

Yen

- Yen gained against the greenback after the Fed chief remarked that it would be cautious while raising interest rates.

The Week that was...
28th March to 01st April

The Week that was (Mar 28 – Apr 01)

Date	Events	Present Value	Previous Value
Monday, March 28, 2016	U.S. Personal Spending (Feb)	0.10%	0.10%
	U.S. Goods Trade Balance (Feb)	\$-63.0 B	\$-62.0B
	U.S. Pending Home Sales (MoM) (Feb)	3.50%	-3.00%
Tuesday, March 29, 2016	Japan Unemployment Rate (Feb)	3.30%	3.20%
	U.S. Consumer Confidence (Mar)	96.2	94
	Japan Retail Trade s.a (MoM) (Feb)	-2.30%	-0.40%
Wednesday, March 30, 2016	Euro zone Consumer Confidence (Mar)	-9.7	-9.7
	Euro zone Industrial Confidence (Mar)	-4.2	-4.1
	U.S. ADP Employment Change (Mar)	200K	205K
Thursday, March 31, 2016	Germany Unemployment Rate s.a. (Mar)	6.20%	6.20%
	Germany Retail Sales (MoM) (Feb)	-0.40%	-0.10%
	U.K. Gross Domestic Product (YoY) (Q4)	2.10%	2.10%
	Euro zone Consumer Price Index (YoY) (Mar) Preliminary	-0.10%	-0.20%
Friday, April 01, 2016	China Caixin Manufacturing PMI (Mar)	49.7	48
	U.S. Nonfarm Payrolls (Mar)	215K	245K
	U.S. Unemployment Rate (Mar)	5%	4.9%
	Japan Nikkei Manufacturing PMI (Mar)	49.1	49.1

The Week Ahead...
April 04 to April 08

The Week Ahead

Day	Event
Monday, Apr 04	<ul style="list-style-type: none"> <input type="checkbox"/> Euro zone Unemployment Rate (Feb) <input type="checkbox"/> Euro Zone Producer Price Index (MoM) (Feb) <input type="checkbox"/> U.S. Factory Orders (MoM) (Feb)
Tuesday, Apr 05	<ul style="list-style-type: none"> <input type="checkbox"/> Reserve Bank of India Interest Rate Decision <input type="checkbox"/> U.S. Markit Services PMI (Mar) <input type="checkbox"/> Euro Zone Markit Services PMI (Mar) <input type="checkbox"/> U.S. Trade Balance (Feb)
Wednesday, Apr 06	<ul style="list-style-type: none"> <input type="checkbox"/> China Caixin China Services PMI (Mar) <input type="checkbox"/> Japan Leading Economic Index (Feb)Preliminary <input type="checkbox"/> Germany Industrial Production s.a. (MoM) (Feb) <input type="checkbox"/> U.S. MBA Mortgage Applications (Apr 1)
Thursday, Apr 07	<ul style="list-style-type: none"> <input type="checkbox"/> U.S. Initial Jobless Claims (Apr 1)
Friday, Apr 08	<ul style="list-style-type: none"> <input type="checkbox"/> U.K. NIESR GDP Estimate (3M) (Mar) <input type="checkbox"/> U.K. Industrial Production (MoM) (Feb)

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